

NPIC/TSSG/DED-1093-68
27 February 1968

MEMORANDUM FOR THE RECORD

X1 SUBJECT: Trip Report to [] on 20 February 1968

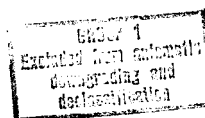
1. On 20 February 1968, a trip was made to [] to discuss three separate contracts: (1) Automatic Stereo Scanning, (2) Automatic Viewgraph Maker, and (3) The PI Print Enlarger. All three contracts are currently in a state of overrun with significant funding involved. 25X

X1 2. The reason for this meeting was twofold: (1) an introduction of [] presenting him with the opportunity to meet their technical staff and high-level management, and (2) to reiterate to X1 higher [] management our considerable concern over the extent and poor X1 management of the subject overruns. The subject meeting was attended by:

X1 The following people attended from [] 25X

X1 3. The meeting opened with the normal introductions. At this time [] expressed to [] the Division President, our dissatisfaction X1 with the overrun situation and with [] poor management of the subject X1 contracts in general. [] assured [] that [] management X1 was also quite aware of the problem and stated that they were as concerned 25X with the situation as NPIC was. [] queried [] concerning the 25X effect on his division of cancellations of certain large Agency programs 25X and their impact on these particular contracts. [] gave a very studied

Declass Review by NGA.



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answer--claiming that the only impact had been a general increase in overhead and G&A and that "since our contracts were relatively small, that obviously this was not a good method of gaining back large sums of money." This answer was to be expected and neither negates nor answers the subject question.

X1- [] reiterated our displeasure with the magnitude of the overruns and with the uncalled for delay in informing NPIC.

X1- 4. The meeting continued with a discussion of the Automatic Stereo Scanner, a brief rundown on the intent of the instrument, its current status, and how [] had run into trouble on the contract. Generally speaking, no reasonable excuse was offered for the current overrun status of the contract over and above the general statement that they had underbid and there had been poor management on the project. During this portion of the discussion, X1- [] became aware that the Automatic Stereo Scanner contained an integral General Purpose (DDP-516) digital computer. He raised a question as to why this particular approach was necessary and why the Automatic Stereo Scanner was not used "on-line" to NPIC's central computer. I explained to X1- [] that we had definitely considered this approach during the early stages of the contract and had decided against it. [] is currently preparing a short paper explaining the historical background and the rationale as to why the technical staff came to this decision. 25X

5. Immediately following this general briefing, the NPIC representatives viewed a demonstration of: the EROS Automatic Stereo Scanner breadboard; a breadboard of the film transportation system and "air puck" film platen; the Image Dissector/Correlation System; and a full-scale wooden mockup of the Automatic Stereo Scanning System.

6. The next item of business was the Automatic Viewgraph Maker. The project engineer gave us a brief technical description of the item in question along with a general description of its operational use. [] explanation of the overrun again consisted essentially of poor bidding, poor management of the program and the fact that the standard [] plate-maker had to be modified much more extensively than it had been originally anticipated. No truly valid explanation was forthcoming. [] gave some "sales-type" information indicating that there would be considerable cost-savings in the manufacturing of viewgraphs considering that a large number of viewgraphs were made (7200/year). [] questioned this data and requested that we review our actual viewgraph requirements. [] is currently searching out this information, and it will be made available in the near future. At this point [] OL, raised the question that, X1- since [] technical people obviously felt that the viewgraph maker had no more fundamental unsolved technical problems, why shouldn't [] consent to take this as a fixed-price contract at this point? [] stated that they 25X 25X 25X 25X 25X 25X

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X1 were generally against converting contracts during the period of the contract. This, of course, was no answer. However, after much discussion pro and con, [] consented to entertain this notion and to ascertain what the corporate policy would be.

7. On the third item, the PI Print Enlarger, [] again claimed the same problems of underbidding and poor management control of the project. They also at this time indicated a further overrun so that the total price of this contract would be a minimum of [] and could run higher. It appeared obvious to me during the conversation that [] has little interest in completing this contract. Instead they repeatedly tried to steer us toward a viewer-printer that they are developing for the Air Force. The Development & Engineering Division was aware of this project; the Viewer-Printer has some but not all of the features desirable in the equipment we need for meeting our requirements. Essentially, the Air Force device is a viewer with a printer capability; our device was a printer first and a viewer second. However, we do not have closed minds on the subject, and the Division is currently attempting to obtain additional information on the Air Force project and to both restudy and to reestablish the basic requirement for a device of this type at NPIC. Using only the facts available at this time, it would seem that there is a strong case for cancelling this particular contract.

X1 8. At this point the conference became more general. The discussion centered around items such as [] raising overhead rates and what could be done to stabilize them. [] suggested a ceiling on overhead rates, and the [] representatives essentially (very politely) rejected this alternative. [] reiterated our displeasure with the late announcement of overruns and with the sudden changes in personnel--whose services were specifically called for under the contract--without first consulting NPIC or OL representatives.

X1 9. The following items require expeditious action on the part of [] or NPIC:

X1 a. [] will review the contracts to see if some sort of ceiling price or fixed-price arrangement can be arrived at on the Viewgraph and Printer/Enlarger contracts either independently or together.

b. NPIC has the following tasks to complete:

(1) a decision as to whether we proceed on the Automatic Stereo Scanner, (2) a review of the Viewgraph requirement,

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and a decision as to whether we proceed assuming we can obtain a fixed-price contract or ceiling price arrangement, and (3) a decision as to whether we proceed on the PI Print Enlarger; i.e., (a) whether we cancel the contract and forget about this particular project, or (b) whether we try the Air Force route.

10. It is my tentative recommendation, based upon the facts and opinions currently available, that the following action should be taken:

a. There is no reason to believe that [] will consider any type of contractual ceiling on the Automatic Stereo Scanner. However, the requirement is still valid and answers are urgently needed in this area. Therefore, we should proceed with the Automatic Stereo Scanner, authorizing payment of the overrun as expeditiously as possible. 25X

b. The Viewgraph Maker appears to be a straight-forward engineering problem and it is my feeling that [] will in this case consider either a fixed price or a cost ceiling arrangement. Therefore, we should proceed with this development, assuming a reasonable contractual solution can be arrived at between [] and Office of Logistics. This also assumes that [] study revalidates the requirement. 25X 25X

X1 c. It would appear that we should cancel the PI Print Enlarger contract and delay further action in this area pending a realistic evaluation of [] current contract on the Air Force Printer Viewer. We can then purchase a production version of this item assuming this satisfies all, or the majority of, our requirements. If it does not, it would appear logical at that point to entertain a totally new contract, probably with another manufacturer, possibly utilizing the new 3M material. 25X

[]
Acting Deputy Chief,
Development & Engineering Division, TSSG

Distribution:

Orig - Route

1 - NPIC/TSSG/LB

2 - NPIC/TSSG/DED files ✓

X1 NPIC/TSSG/DED/[] (27 Feb 68)

LIST OF MEMOS CONCERNING OVERRUN OF AUTOMATIC VIEWGRAPH GENERATOR

5 September 1967 - IAS/TA-19/67
To: Development Branch, TDS/NPIC
From: Tech Advisor, IAS/DDI
Deletion of 2nd Viewgraph Generator from Contract

18 September 1967 - NPIC/TDS/D-1020-67
Memorandum for the Record
From:
Anticipated Overrun of Viewgraph Generator

3 October 1967 - NPIC/TDS/D01053-67
Memorandum for the Record
From:
Background on Overrun

Undated - Historical Data for Project #10197, Viewgraph
Generator Contract

18 October 1967 - Draft
Memorandum for the Record
From:
Suggested Format for Letter

23 October 1967 - NPIC/TDS/D-1089-67
Memorandum for Asst for Technical Development
From: Chief, Development Staff
Recommended Action to be Taken on Overrun

26 October 1967 - NPIC/TDS-195/67
Memorandum for: Director, NPIC
From: Asst. for Technical Development
Request for Overrun Expenditures

3 November 1967 - NPIC/TDS-204/67
Memorandum for: Chief, Support Staff
From: Asst. for Technical Development
Notification of Non-acceptability of Overrun

12 March 1968 - PSG-036/68
Memorandum for: Chief, TSSG
From: Chief, PSG
Recommend for Approval

25 March 1968 - NPIC/TSSG/DED-1133-68
Memorandum for: Director, NPIC
From: Chief, TSSG
Request Approval to Pay Overrun

26 April 1968 - NPIC/TSSG/DED-1133-68 (Same as above, Dated 25 March 68)

24 June 1968 - Draft
Memorandum Director NPIC
From: Chief, TSSG
Request for additional Overrun

25X1

MEMORANDUM FOR: [REDACTED]

Hold the AVG overrun
request until this other
[REDACTED] overrun on the auto Scanner
is a little more settled
(or unsettled?)

[REDACTED]

1 July
(DATE)

FORM NO. 101 REPLACES FORM 10-101
1 AUG 54 WHICH MAY BE USED.

(47)

TRANSMITTAL SLIP

TO: *R*

ROOM NO.

BUILDING

REMARKS:

[REDACTED], you & I should
talk this over.

Don't
Memo looks fine
Cts you. [REDACTED]
to gather & discuss
if we should send it

FROM:

ROOM NO.

BUILDING

EXTENSION

FORM NO. 241
1 FEB 55REPLACES FORM 36-8
WHICH MAY BE USED.

(47)